Catalogue no. 11-626-X — No. 081
ISSN 1927-503X
ISBN 978-0-660-26425-7

Economic Insights

Recent Economic Developments in British Columbia

by Elizabeth Richards
Analytical Studies Branch

Release date: May 28, 2018

Statistics Canada Statistique Canada

Canada

How to obtain more information

For information about this product or the wide range of services and data available from Statistics Canada, visit our website, www.statcan.gc.ca.

You can also contact us by

email at STATCAN.infostats-infostats.STATCAN@canada.ca

telephone, from Monday to Friday, 8:30 a.m. to 4:30 p.m., at the following numbers:

- Statistical Information Service 1-800-263-1136
- National telecommunications device for the hearing impaired 1-800-363-7629
- Fax line 1-514-283-9350

Depository Services Program

- Inquiries line 1-800-635-7943
- Fax line 1-800-565-7757

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner. To this end, Statistics Canada has developed standards of service that its employees observe. To obtain a copy of these service standards, please contact Statistics Canada toll-free at 1-800-263-1136. The service standards are also published on www.statcan.gc.ca under "Contact us" > "Standards of service to the public."

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued co-operation and goodwill.

Published by authority of the Minister responsible for Statistics Canada

© Her Majesty the Queen in Right of Canada as represented by the Minister of Industry, 2018

All rights reserved. Use of this publication is governed by the Statistics Canada Open Licence Agreement.

An HTML version **is also available.**

Cette publication est aussi disponible en français.

Recent Economic Developments in British Columbia

by Elizabeth Richards, Analytical Studies Branch

This article in the *Economic Insights* series provides an integrated summary of recent changes in output, employment, earnings and housing market activity in British Columbia. Highlighting the contribution of real estate and residential construction to economic growth in particular, the paper focuses on the province's economic performance since 2014. Unless otherwise noted, the tabulations presented in this report are based o. onally adjusted data available in CANSIM on May 2, 2018.

Overview

From 2014 to 2016, British Columbia's economy expanded at the fastest pace in a decade, as output in real estate and residential construction industries strengthened markedly. British Columbia led growth among Canadian provinces in 2015 and 2016, as economic activity in the central provinces expanded at a more moderate pace and Alberta's economy contracted. As Alberta's economy rebounded in 2017, the pace of economic growth continued to accelerate in British Columbia, as output in the province expanded at the fastest pace since 2005.

British Columbia's recent economic expansion was more narrowly based than from 2004 to 2006. On an expenditure basis, household spending contributed to over half of the growth from 2014 to 2016. Among industries, real estate and residential construction accounted for about one third of growth in 2015 and 2016. More recent industry data suggest a broadening of economic growth for British Columbia in 2017, as the contribution of real estate and residential construction to growth moderated.

Stronger economic growth coincided with improved labour market conditions, as employment increased and the unemployment rate trended lower. Higher employment in industries related to real estate and residential construction and in Vancouver led the gains. The unemployment rate declined to 4.6% in December 2017, and reached the lowest level among the provinces in 2016 and 2017. More recently, the unemployment rate in the province has remained below or at 5% in early 2018.

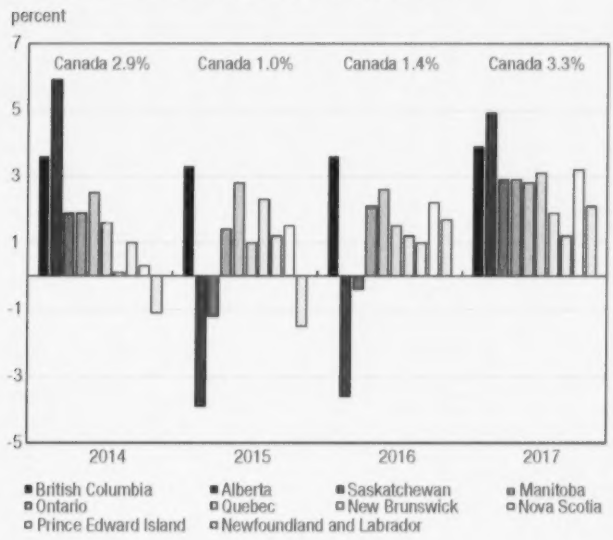
British Columbia tops growth among provinces in 2015 and 2016

Economic growth in British Columbia was the highest among the provinces in 2015 and 2016, and accelerated further in 2017. Real gross domestic product (GDP) in British Columbia increased to 3.9% in 2017 and 3.6% in 2016, following growth of 3.3% in 2015 and 3.6% in 2014. Economic activity in the central provinces also strengthened from 2014 to 2017, albeit at a slower pace. Output in Ontario expanded by 2.8% in 2017, up from 2.6% in 2016. Economic growth in Quebec accelerated in 2017, reaching 3.1%, following a 1.5% gain in 2016.

Over the past decade, British Columbia's economy has become increasingly oriented towards services. When global trade volumes slowed substantially during the 2008-2009 recession, Canadian exports of crude oil and motor vehicles declined markedly, leading to sharp downturns in 2009 in resource-based and manufacturing-based provinces, such as Alberta, Saskatchewan and Ontario. By contrast, Quebec and British Columbia experienced relatively less severe contractions, as their economies are relatively more service intensive than Alberta and Saskatchewan. More recently, while notable declines in crude oil prices and a weaker Canadian dollar weighed on growth at the national level in 2015 and 2016, British Columbia's economy expanded on strength in services.[1] In 2017, both service and goods industries supported growth in the province.

1. For an analysis of recent economic developments at the national level, see Gellatly and Richards (2018).

Chart 1
Real gross domestic product growth by province



Source: Statistics Canada, CANSIM table 379-0030 and 379-0031.

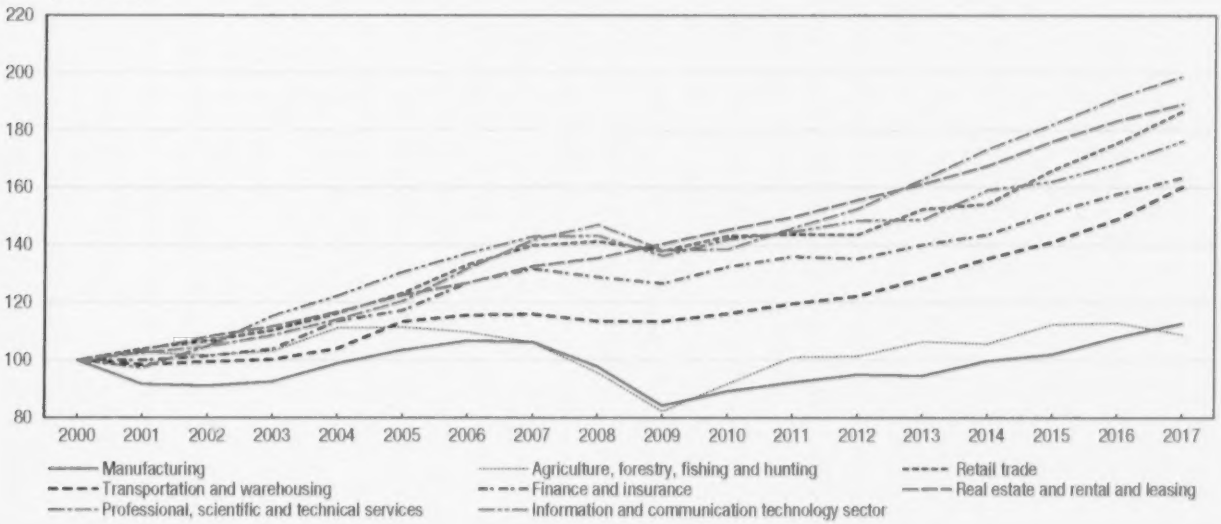
Growth from 2014 to 2016 more narrowly based than during the mid-2000s

From 2014 to 2016, British Columbia's economy expanded at the fastest pace since the mid-2000s, a period of broad-based expansion. From 2004 to 2006, real GDP in the province increased by an average of over 4.0%, on strength in both goods and services. During this period, output accelerated in technology-based industries that typically hire highly skilled workers, such as information and culture, finance and insurance and professional services. Business creation peaked in the mid-2000s, as the entry rate for new businesses rose to over 18.0%, while the exit rate was stable at about 14.0%.[2]

Output gains from 2014 to 2016 were more narrowly based, as industries hiring highly skilled workers posted more modest increases. Growth in real estate, rental and leasing was comparable between both periods, while growth in retail trade was stronger in the mid-2000s. Likewise, the contribution of goods-based industries, particularly construction, was more modest from 2014 to 2016 than in the mid-2000s.

By contrast, economic growth in 2017 broadened, reflecting gains in services and a notable contribution from goods industries. While non-residential construction contracted and growth for residential construction slowed substantially, output for construction continued to strengthen on notable gains in engineering construction, partly due to new projects in oil and gas engineering construction. Gains in primary metals

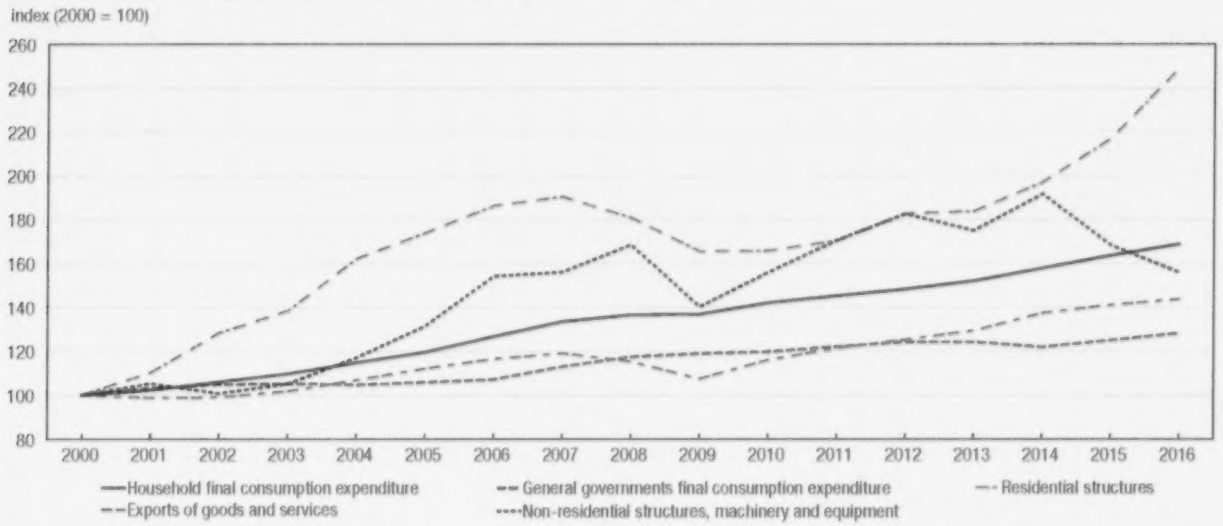
Chart 2
Real gross domestic product for British Columbia, selected industries



Source: Statistics Canada, CANSIM table 379-0030.

2. See Statistics Canada, CANSIM Table 527-0007 for business dynamics measures, by North American Industry Classification System (NAICS), provinces and territories.

Chart 3
Real gross domestic product for British Columbia, selected components



Source: Statistics Canada, CANSIM table 384-0038.

and machinery supported the growth in manufacturing, while mining and quarrying and oil and gas extraction declined.

While the pace of growth slowed for real estate and rental and leasing, professional services and finance and insurance in 2017, it accelerated for wholesale trade and retail trade.

Housing activity and consumer spending central to recent gains

Capital spending on residential structures was a major contributor to economic growth from 2014 to 2016. The pace of spending accelerated in each year, advancing 10.1% in 2015 and 15.0% in 2016. From 2014 to 2016, outlays on residential structures rose by 35.8%, the strongest cumulative growth since the mid-2000s.

Consumer spending also supported growth from 2014 to 2016, led by higher outlays on durables. The pace of spending slowed in 2016, advancing 3.2%, following an increase of 3.8% in 2014 and 3.7% in 2015. Spending on transport increased in all three years, as British Columbians purchased more new trucks, vans and sport utility vehicles. Spending also increased notably for housing, water, electricity, gas and other fuels in the same period, reflecting gains in rental fees for housing.

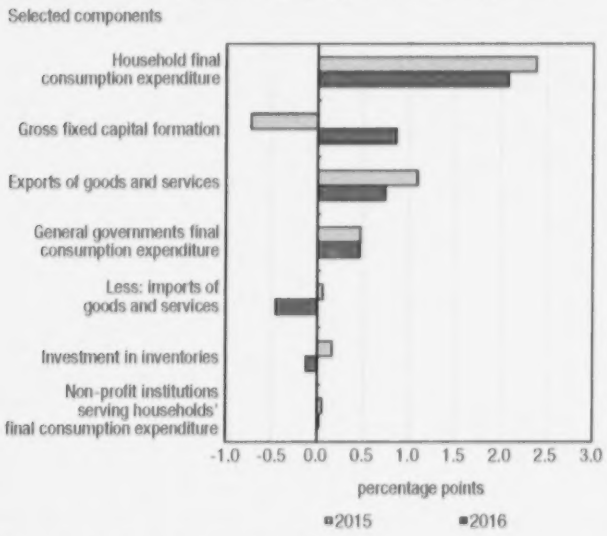
To a lesser extent, exports of goods and services supported growth during this period. Following an increase of 5.1% in 2014, growth in exports to other countries moderated, advancing 4.3% in 2015 and 1.7% in 2016. Export volumes of goods to other countries were 10.3% higher in 2016, when compared to 2013 levels, while exports of services to other countries increased 14.5%.

Higher household spending in recent years has occurred while capital outlays by businesses contracted. Following a 9.6% increase in 2014, non-residential business investment declined in 2015 and 2016. By 2016, non-residential business investment was 10.9% lower than 2013 levels. By contrast, investment spending by businesses increased notably in the mid-2000s, advancing 46.5% during the province's last period of strong economic growth.

Government expenditures supported growth in 2015 and 2016. Following a 1.9% decline in 2014, spending picked up and increased by 2.5% in 2015 and 2016.

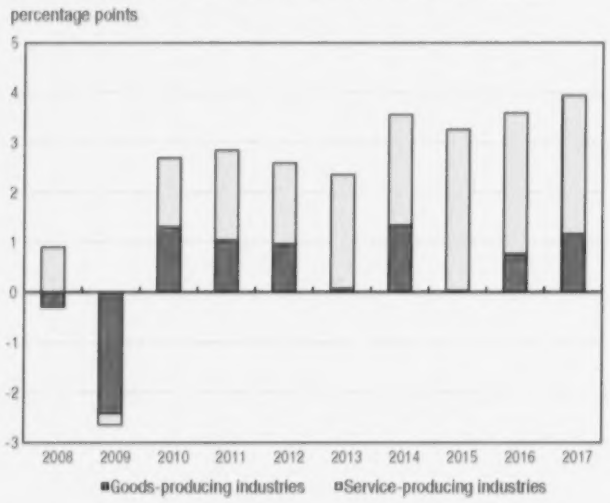
Household spending was the main contributor to GDP growth from 2014 to 2016, accounting for over half to about two thirds of the overall growth. Outlays on residential structures contributed to growth in both 2015 and 2016, but was more than offset by declines in non-residential business investment in 2015. Exports of goods and services also contributed to growth in both years.

Chart 4
Contribution to percent change of real gross domestic product growth in British Columbia, selected components


Selected components
Household final consumption expenditure
Gross fixed capital formation
Exports of goods and services
General governments final consumption expenditure
Less: imports of goods and services
Investment in inventories
Non-profit institutions serving households' final consumption expenditure
-1.0 -0.5 0.0 0.5 1.0 1.5 2.0 2.5 3.0
percentage points
2015
2016

Source: Statistics Canada, CANSIM table 384-0038.

Chart 5
Contribution to percent change of real gross domestic product growth in British Columbia, goods and services



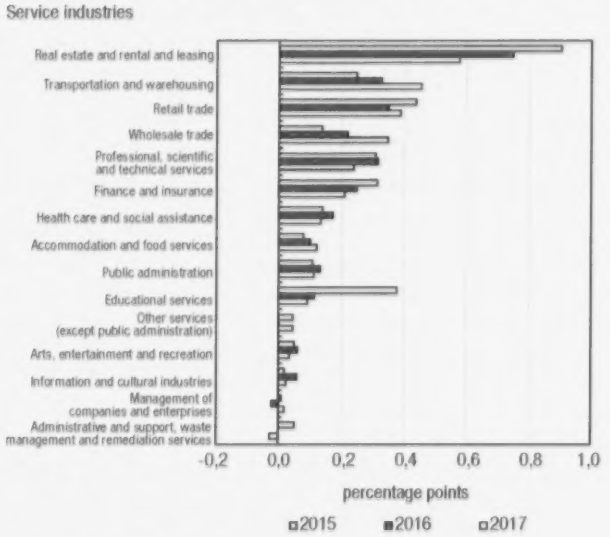
Source: Statistics Canada, CANSIM table 370-0030.

Contribution of housing activity to growth moderated in 2017

When measured on an industry basis, service providers accounted for about two thirds of economic growth in British Columbia from 2014 to 2017 comparable to contributions in Ontario and Quebec. Real estate, rental and leasing contributed to about one fifth or more of growth in British Columbia from 2014 to 2016. Taken together, real estate and residential building construction activity accounted for about one third of the expansion in 2015 and 2016. By contrast, these industries contributed to about one quarter or less of the growth in Ontario from 2014 to 2016, during a period of heightened housing market activity, as finance and insurance and other service industries made more important contributions to growth in that province.

In 2017, real estate and rental and leasing accounted for about one sixth of economic growth, its contribution having moderated for two consecutive years. Meanwhile, transportation and warehousing and wholesale trade became more central to growth during the same period, supported by gains in retail trade, professional services and finance and insurance.

Chart 6
Contribution to percent change of real gross domestic product growth in British Columbia, service industries



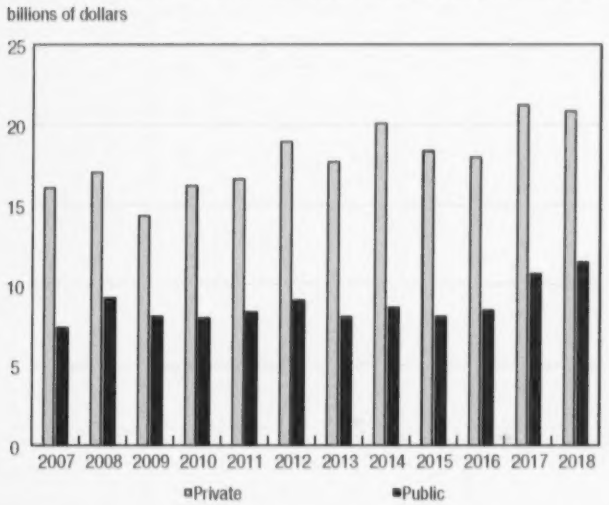
Source: Statistics Canada, CANSIM table 370-0030.

Non-residential capital spending increases notably in 2017 on higher public outlays

Capital spending in British Columbia increased 20.9% in 2017, reflecting gains in private and public expenditures. Capital spending in 2017 rebounded from lower levels in 2015 and 2016. Notably, private spending advanced 18.3%, reflecting gains in construction outlays, while public spending rose 26.5% on both construction and machinery and equipment. Based on spending intentions reported to Statistics Canada, capital outlays are expected to increase 1.2% in 2018 on higher public spending.

On an industry basis, spending for transportation and warehousing increased 56.0% in 2017, accounting for over 40% of the overall gains in non-residential capital expenditures. Higher spending by public administration and mining, quarrying and oil and gas extraction also contributed to the advance. Based on intentions for 2018, spending in utilities, manufacturing and real estate and rental and leasing is expected to increase, while spending is anticipated to decline in mining, quarrying and oil and gas extraction and educational services.

Chart 7
Capital expenditures for British Columbia, by type of ownership



Note: Data for 2018 are intentions, based on anticipated spending as reported by respondents. The data will be revised in 2019 with preliminary estimates.
Source: Statistics Canada, CANSIM table 029-0048.

Unemployment in British Columbia trended lower in 2016 and 2017

Labour market conditions improved markedly in British Columbia in 2016 and 2017, as the unemployment rate trended lower and employment rose among core-aged workers. In December 2017, the unemployment rate fell to 4.6%, the lowest level among the provinces. Previously, the unemployment rate in British Columbia stood at 5.8% in December 2016 and 6.7% in December 2015. The employment rate increased throughout 2016 and 2017, reaching 62.3% in December 2017. Despite the improvements in labour market conditions, the unemployment and employment rates in December 2017 had yet to recover to their pre-recession levels.

Consistent with trends at the national level, the unemployment rate in British Columbia was lowest among core-aged workers (aged 25 to 54) and highest among young workers (aged 15 to 24) in December 2017. Generally, employment rates for core-aged men, core-aged women and young women trended higher in 2017. While labour force participation rates for youth in Canada declined following the 2008-2009 recession and have yet to recover to previous levels, the participation of youth in the labour market in British Columbia has picked up notably in 2017.

More recently, labour market conditions in British Columbia moderated in the first quarter of 2018, consistent with trends at the national level, as the provincial unemployment rate edged up to 4.7% in March 2018, while the employment rate trended lower. The unemployment rate in the province edged up to 5.0% in April 2018.

Chart 8
Unemployment and employment rate for British Columbia

Source: Statistics Canada, CANSIM table 282-0087.

Employment gains were broad-based across the province

Employment growth in 2016 and 2017 reflected both gains in Vancouver and improvements in other local economies across the province. Vancouver, home to over half of the provincial labour force, contributed to strengthening labour market conditions. In December 2017, the three-month moving average for the unemployment rate in Vancouver declined to 4.1%,

having decreased from 5.1% in December 2016. Previously, the unemployment rate had reached 5.8% in December 2015. The employment rate in Vancouver rose to 64.6% in December 2017, having stood at 62.5% in December 2016.

In December 2017, employment in Vancouver was 64,700 higher on a year-over-year basis, accounting for over three quarters of the overall gain for the province during this period. The increase in British Columbia was bolstered by higher year-over-year employment in Kelowna (7,300) and Victoria (6,100). The unemployment rate in Victoria declined to 3.5% in December 2017, down from 5.1% in December 2016. Notable improvements were observed in Kelowna, as the unemployment rate fell to 6.2% in December 2017, down from 8.2% in December 2016.

More recently, the unemployment rate in Vancouver continued to edge lower in the first quarter of 2018, while Victoria's unemployment rate rose from levels at year-end.

Chart 9
Unemployment and employment rate for Vancouver, 3-month moving average

Source: Statistics Canada, CANSIM table 282-0135.

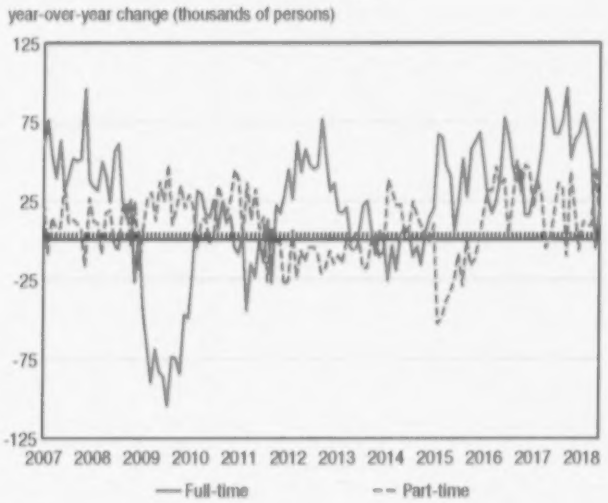
Full-time work and services led employment gains in 2017

Employment in British Columbia increased at a faster pace than at the national level and in the central provinces in 2016 and 2017.[3] The province was responsible for almost one fifth of the year-over-year increase in employment at the national level in December 2017.

Full-time work was mainly responsible for employment gains in British Columbia in 2017, as full-time jobs rose by 67,000 on a year-over-year basis in December, while part-time jobs increased 8,800. Full-time employment for core-aged workers was mainly responsible for the advance. In 2016, part-time work had contributed more substantially to employment gains. Further, part-time gains for young workers, in addition to full-time increases for older and core-aged workers, led the growth in 2016.

More recently, full-time employment gains have moderated in 2018, increasing 36,400 year-over-year in April, while part-time work declined 13,400.

Chart 10
Employment in British Columbia, by type



Source: Statistics Canada, CANSIM table 282-0087.

Throughout 2016 and 2017, higher employment in services was central to improvements in labour market conditions. As of December 2017, higher employment in services was responsible for over two thirds of the overall increase, as employment rose by 54,700 persons on a year-over-year basis for service providers and 21,300 for goods industries.

In December 2017, employment in finance, insurance, real estate, rental and leasing rose 17,000 year-over-year and was responsible for about 30% of the employment gains in services. Employment for the industry had increased 20,100 in December 2016. Employment in construction rose by about 20,700 in the 12 months to December 2017, posting three annual consecutive gains and mainly responsible for the increase in goods employment. Taken together, finance, insurance, real estate, rental and leasing and construction were responsible for

3. For a provincial comparison of trends in employment, retail and manufacturing, see Richards and Gellatly (2018).

almost half of the total employment gains in December 2017. Health care and social assistance, professional, scientific and technical services also supported higher employment.

More recently, employment gains in services slowed in the first quarter of 2018.

Chart 11
Employment in British Columbia, by sector

year-over-year change (thousands of persons)

Source: Statistics Canada, CANSIM table 282-0088.

Immigrants in Vancouver contributed to the growing labour force

Following moderate growth in 2014 and 2015, British Columbia's labour force population expanded by 74,700 persons in 2016 and 68,400 persons in 2017, to reach 2.6 million. Immigrants accounted for about half of the overall increase in the labour force population in 2016, particularly those living in Vancouver. These trends were consistent with patterns observed at the national level. The bulk of the 2017 increase in British Columbia stemmed from persons born in Canada and immigrants who landed in Canada over 10 years ago.[4]

In 2016 and 2017, labour force participation rates, the share of those aged 15 and over who are working or actively looking for work, generally increased among immigrants and among those born in Canada. The participation rate for core-aged individuals born in Canada increased from 87.1% in December 2015 to 89.4% in December 2017. Labour force participation also increased for core-aged recent immigrants, those who landed in Canada five years or less from the reference period, rising from 73.1% in December 2015 to 80.2% in December 2017, effectively narrowing the gap in employment rates with core-aged persons born in Canada. Immigrants who have recently landed in Canada typically have the lowest employment rates, when compared with immigrants who have lived in Canada for longer periods of time or those who are Canadian-born. Correspondingly, employment rates for core-aged landed immigrants and core-aged persons born in Canada increased during the same period, while unemployment rates declined, reflecting strengthening economic and labour market conditions in British Columbia.

Earnings growth accelerated in 2017

In 2017, the pace of earnings growth accelerated in British Columbia, rising at a faster rate than the national average. Year-over-year, average weekly earnings in British Columbia rose 2.5% in 2017, while they increased 2.0% nationally. Growth accelerated in the fourth quarter, increasing 1.1% when compared to the third quarter.

Prior to the upward trend in 2017, the pace of earnings growth in British Columbia had moderated from 2014 to 2016.

While earnings growth in service industries increased at a faster pace than for goods producers on an annual basis from 2014 to 2016, the opposite held in 2017. Earnings in goods industries rose 2.8% in 2017, reflecting gains for mining, quarrying and oil and gas extraction, utilities, construction.

Chart 12
Average weekly earnings in British Columbia, selected industries

index (Q1 2007 = 100)

Note: Q1: first quarter.
Source: Statistics Canada, CANSIM table 281-0063.

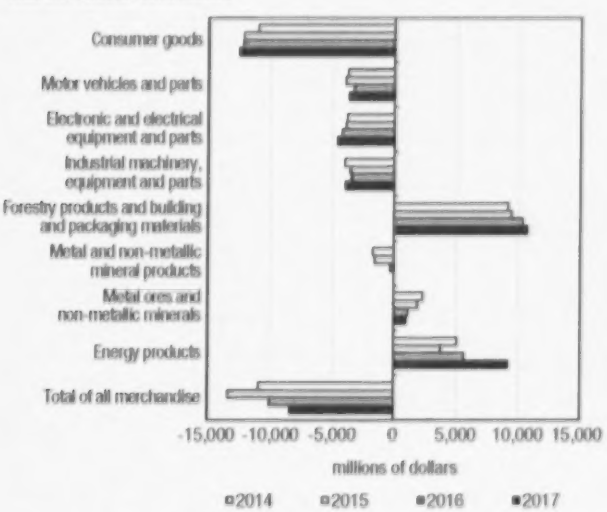
4. See Statistics Canada, CANSIM Table 282-0101 and 282-0102 for Labour Force Survey estimates on participation and employment indicators by immigrant status.

Trade deficit narrowed in 2017 on higher energy and forestry exports

British Columbia's trade deficit narrowed in 2016 and 2017, to $8.4 billion in 2017.[5] Higher surpluses for energy products contributed to lower deficits, as exports of energy products rose 45.4% in 2017, partly reflecting higher prices. To a lesser extent, higher surpluses for forestry products, building and packaging materials contributed to the narrowing trade deficit, reflecting a 3.4% increase in exports in 2017. The trade deficit for consumer goods, the province's main import, widened moderately in both years.

British Columbia is one of Canada's least trade intensive provinces. In 2016, the sum of total imports and exports to other countries for the province represented about 50% of total GDP, compared with about 70% for Ontario, or about 60% for Quebec and Alberta. However, British Columbia's trading partnerships are relatively more diverse, with 50% of their exports destined to the United States, compared with over 80% for Ontario and Alberta. Softwood lumber is one of the province's main exports, mainly destined to the United States and to Asia. Coal and copper ore and concentrates shipments to Asia and natural gas exports to the United States also contribute to overall export flows.

Chart 13
Trade Balance for British Columbia, total and selected commodities


Total and selected commodities
Consumer goods
Motor vehicles and parts
Electronic and electrical equipment and parts
Industrial machinery, equipment and parts
Forestry products and building and packaging materials
Metal and non-metallic mineral products
Metal ores and non-metallic minerals
Energy products
Total of all merchandise
-15,000 -10,000 -5,000 0 5,000 10,000 15,000
millions of dollars
2014 2015 2016 2017

Source: Statistics Canada, CANSIM table 228-0060.

Growth in retail spending in Vancouver accelerated in second half of 2017

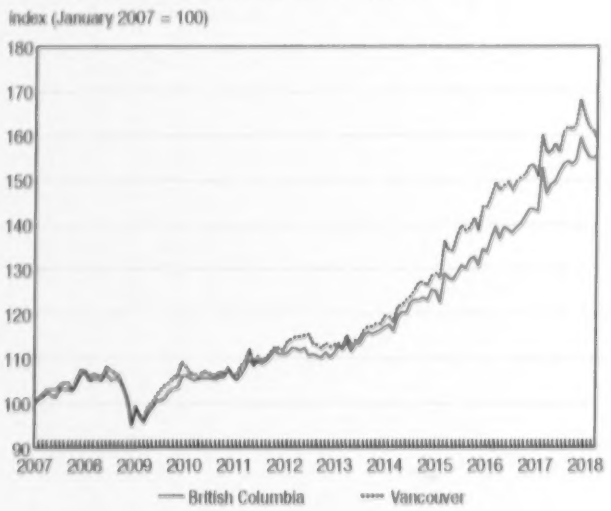
Retail sales in British Columbia rose 9.3% in 2017, following an increase of 7.7% in 2016. While the pace of spending moderated in the second half of 2017, it remained at a very high level, over 30% higher than in the first half of 2014.

Motor vehicle and parts dealers contributed to almost one third of the provincial gains in 2017, as sales increased 11.7%, reflecting gains at new car dealers. Higher prices contributed to an increase in sales at gasoline stations, up 18.8%, while sales at building material and garden equipment and supplies dealers rose 33.0%.

Higher sales in Vancouver accounted for over one third of the provincial gain in 2017. Retail sales at motor vehicle and parts dealers rose 8.7%, contributing to the overall advance in Vancouver. Gains at food and beverage stores, gasoline stations and building material and garden equipment and supplies dealers also contributed to the overall gains in 2017. In line with provincial trends, retail spending in Vancouver accelerated notably in early 2017, as spending increased 3.3% in the first quarter of 2017, slowed in the second quarter and then accelerated again in the second half of the year.

More recently, retail sales in Vancouver edged lower, declining in January and February of 2018.

Chart 14
Retail sales in British Columbia and Vancouver



Source: Statistics Canada, CANSIM table 080-0020.

5. Export data reported in the section are based on domestic exports.

Home prices in Vancouver accelerated into late 2017

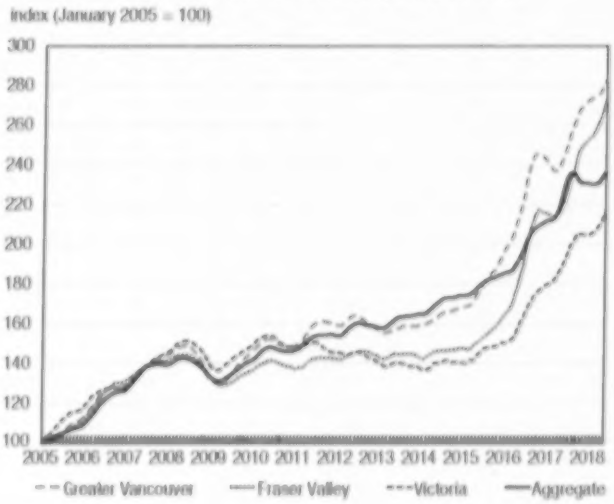
Home price inflation, measured year-over-year, accelerated in Greater Vancouver in the second half of 2017, after a deceleration in late 2016. Based on estimates from the Multiple Listing Service Home Price Index (MLS HPI)[6], home prices slowed in late 2016, following the introduction of an additional property transfer tax rate of 15% to residential real estate in Metro Vancouver for foreign nationals and foreign-controlled corporations, which took effect in August 2016. Home prices slowed in the first half of 2017, decelerating to 7.9% in June 2017. More recently, the pace of growth has picked up again, with prices up 15.9% in December 2017 and 16.1% in March 2018.

Home prices in the Fraser Valley have generally tracked those in the Vancouver housing market. Home prices slowed moderately in the fall of 2016 and until mid-2017. Since then, home prices have picked up, increasing 20.9% in December 2017 and further, by 24.4% in March 2018.

In Victoria, the increase in home prices has been more moderate than in the Vancouver housing market. The pace of growth accelerated in 2016, reaching 19.3% in December 2016. Since then, home prices have slowed, increasing 14.2% in December 2017 and 14.6% in March 2018.

In 2017, the continued acceleration of home prices in Vancouver has partly offset slower price growth observed in other census metropolitan areas. Prices in Toronto have decelerated sharply since the summer months and have continued to generally trend lower in Calgary, as they have since early 2015. For an analysis of differences in the type of residential assets and the value of assets owned by non-residents and residents in the Toronto and Vancouver housing markets, refer to Gellatly and Morissette (2017).

Chart 15
Multiple Listing Service Home Price Index, selected cities



Source: The Canadian Real Estate Association.

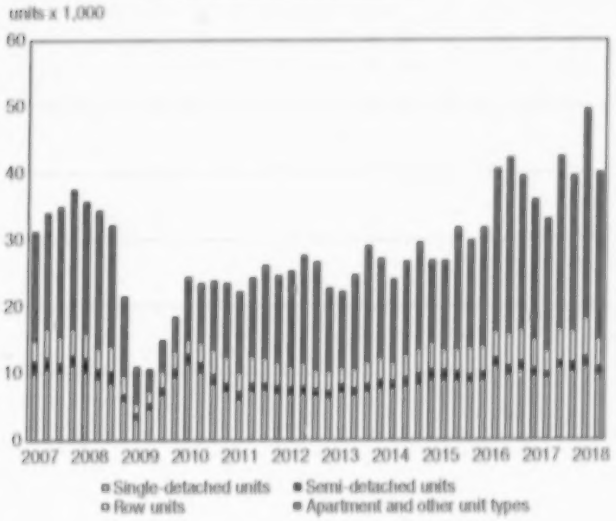
Housing starts picked up in mid-2017 on new apartments

Housing starts in British Columbia have increased every year since the 2008-2009 recession, advancing notably in 2016. Higher starts in Vancouver and for multi-family dwellings, particularly for apartments, led the growth from 2014 to 2016. Following the introduction of the additional property transfer tax in August 2016, housing starts declined in the fourth quarter of 2016 and in the first quarter of 2017. As with home prices, housing starts rebounded in mid-2017 following a slowdown, reflecting stronger homebuilding activity in Vancouver and higher apartment construction. More recently, housing starts have accelerated again in the fourth quarter of 2017, reaching a new high of 49,447 units, before slowing in the first quarter of 2018.

Investment in new housing construction slowed substantially in mid-2017, following an acceleration during most of 2016. Similar to the rebound observed in home prices and housing starts, investment in new housing construction has picked up again, increasing 9.0% year-over-year in December 2017 and 17.5% in February 2018.

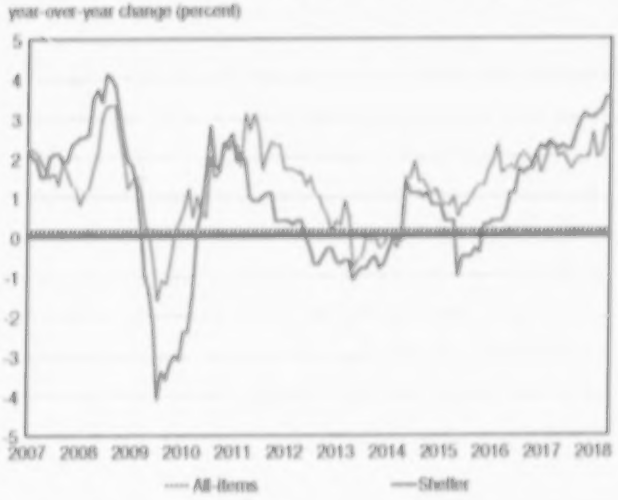
6. The MLS HPI is published by the Canadian Real Estate Association. The Index controls for differences in mix of sales activity over time. The aggregate composite MLS HPI aggregates transactional data across 11 major markets, and includes data on one- and two-storey homes, row and townhouse units, and apartments. For background, see the Canadian Real Estate Association (2016).

Chart 16
Housing starts for British Columbia, by type of unit, quarterly average (seasonally adjusted at annual rates)



Source: Statistics Canada, CANSIM table 027-0051.

Chart 17
Consumer price index for British Columbia, selected aggregates



Source: Statistics Canada, CANSIM table 326-0020.

Headline inflation accelerated in Vancouver in the second half of 2017

Consumer price inflation, measured year-over-year, accelerated from mid-2015 until early 2016 in British Columbia, similar to trends at the national level. In 2017, inflation for the province averaged 2.1%, as higher prices for gasoline and shelter were moderated by other items.

In Vancouver, consumer price inflation picked up in the second half of 2017, as inflation rose from 1.8% in June 2017 to 2.5% in December 2017, reflecting a notable acceleration in the cost of shelter, mainly owned accommodation. More recently, overall inflation in the province continued to increase, up 3.2% in March 2018. During this period, inflation for owned accommodation accelerated.

Summary

From 2014 to 2016, British Columbia's economy expanded at the fastest pace in a decade, topping growth among Canadian provinces in 2015 and 2016. Real estate and residential construction contributed to about one third of economic growth in 2015 and 2016. On an expenditure basis, household spending accounted for more than half of the growth, while non-residential business investment contracted. Growth was more narrowly-based than in the mid-2000s, the province's last period of fast-paced expansion.

The pace of growth for the province accelerated in 2017, reaching 3.9% and broadening, as transportation and warehousing and wholesale trade made a stronger contribution to growth, while the contribution of real estate and residential construction moderated.

Economic strength coincided with improved labour market conditions in British Columbia, as employment rose for full-time work and among core-aged workers in 2017. Supported by strengthening labour markets in Vancouver and other local economies, on average, the provincial unemployment rate declined to the lowest level among the provinces in 2016 and 2017. In addition to supporting output, industries related to real estate and residential construction also made an important contribution to higher employment gains. Earnings growth accelerated in British Columbia in 2017, increasing at a faster pace than at the national level.

Following the introduction of an additional property transfer tax for foreign nationals and foreign-controlled corporations in Metro Vancouver, housing market activity slowed in early 2017, but rebounded later in the year. Renewed strength in housing starts and home prices is reflected in rising shelter costs in the second half of 2017.

References

Canadian Real Estate Association. 2016. *MLS Home Price Index Methodology*. Version 2.1. 24 p. Available at: https://www.crea.ca/wp-content/uploads/2016/11/MLS_Methodology.pdf (accessed May 1, 2018).

Cellilly, G., and R. Morissette. 2017. *Non-resident Ownership of Residential Properties in Toronto and Vancouver: Initial data from the Canadian Housing Statistics Program*. Economic Insights, no. 78. Statistics Canada Catalogue no. 11-626-X. Ottawa: Statistics Canada.

Cellilly, G. and Richards, E. 2018. *Recent Developments in the Canadian economy: Spring 2018*. Economic Insights, no. 80. Statistics Canada Catalogue no. 11-626-X. Ottawa: Statistics Canada.

Richards, E., and G. Cellilly. 2018. *Recent Developments in the Canadian economy: Chartbook*. A presentation series from Statistics Canada about the economy, environment and society. Statistics Canada Catalogue no. 11-631-X. Ottawa: Statistics Canada.